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BOOK REVIEWS.

Principles of Political Economy. Vol. II, Book III. By J. SHIELD NICHOLSON. New York : The Macmillan Company, 1897. 8vo. pp. xiii+328.

IN 1893, Professor Nicholson, of Edinburgh, published a volume containing his treatment of economic principles applying to production and distribution. In this second volume (1897) is given the important division of exchange. In this as in the former volume the style of printing, the arrangement of subject-matter, and the whole tone of discussion shows he has in mind Mr. Mill's treatise. In presenting portions of such controverted questions as value and cost of production, one is given a good example of the method of treatment. The criticisms of Mr. Cairnes on Mill are rejected, and the relation of value to expenses of production are made the basis of the exposition,—while noticing the suggestions made by Professor Marshall. But, it will be noticed that he presents serious objections to the conception of quasi-rents.

In pointing out how value (and price) might vary from changes in any factors entering into the expenses of production due to changes of demand he might have raised the question of the means by which a general rise of prices might take place without being necessarily due to a cause emanating from the side of money. If, in a period of depression, interest on capital and managers' wages are very low, by this means the expenses of production are reduced, and prices may be quite generally low, demand at the same time being weak. On the other hand, when activity returns and demand has increased, the employer finds that he can add to the expenses of production that sum which will give him the expected remuneration for capital and services. The direct effect of this would appear in higher general prices.

Considerations of this sort do not require the economist to look always to variations in the volume of the media of exchange for the explanation of changes in general prices. Professor Nicholson, of course, does not take such ground. He has not regarded price as related to

the volume of media of exchange, but to the quantity and value of the standard commodity. And in this connection his discussion of the movement of specie in international trade is quite logical. Indeed this part of his exposition goes far to remove strong support from the pure quantity theory. He sees, as others have also, that it is impossible to reconcile the facts of business and trade with the obsolete theory that the cause of the international movement of goods and specie is to be found in the "rise or fall of general prices in particular countries according to the volume of their currencies." He has correctly explained that the movement of specie "follows, and does not determine, the course of trade." Those who have found little to accept in the quantity theory, therefore, will certainly not be troubled by being reminded that the quantity theory is necessary to a true understanding of international trade and payments.

The largest part of this volume is made up of materials which the author has already published in his "Money and Monetary Problems," or elsewhere. The whole treatment is clear, systematic, and eminently fair.

L.

Das Fictive Capital als die Ursache niedrigen Arbeitslohnes. Von ALFRED OFFERMANN. Wien: 1896. 8vo. pp. 235.

THIS book is essentially a criticism of the present distribution of wealth, especially as it affects the workman. The thesis is that the workman does not get his fair share of the product, and that the principal cause of his deprivation is illegitimate speculation, or stock gambling.

The first of the five chapters of the book is a general discussion of social evolution. The author is evidently a "biological sociologist," but his exposition adds nothing new to the theory of society, and a discussion of his views on this subject is not necessary to the presentation of his main thesis.

Nor is a discussion of the second chapter necessary to an understanding of the author's position. The chapter discusses the relation of wages to real capital. His view of the condition of the wage-earner is pessimistic. In his exposition of the theories of interest and wages he follows closely the Austrian economists.

In the third chapter the writer passes to the treatment of fictitious capital. Accepting the theory that interest is the difference in value